

MINUTES  
RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY  
BOARD OF DIRECTORS' MEETING  
SEPTEMBER 14, 2004

The 249th meeting of the Rhode Island Higher Education Assistance Authority was held on Tuesday, September 14, 2004 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, Rhode Island. The meeting was called to order at 8:12 a.m.

The following members were in attendance:

- Dr. Robert J. McKenna, Chairman
- Ms. Christine B. Jenkins, Secretary
- Ms. Miriam Curtis Coleman
- Mr. William B. Hall
- Mr. John Howell
- Dr. Anthony J. Santoro
- Mr. Solomon A. Solomon

Members Absent:

- Dr. William Croasdale, Treasurer
- General Treasurer Paul J. Tavares

Also Attending:

- Mr. William H. Hurry, Jr., Executive Director, RIHEAA
- Mr. Marc Lacroix, Chief Financial Officer, RIHEAA
- Ms. Gail Mance-Rios, Deputy Director, RIHEAA
- Attorney Joseph Palumbo, RIHEAA Legal Counsel
- Ms. Nancy Ann Dooley
- Ms. Mary Ann Welch
- Mr. Michael Joyce
- Mr. Steven Mollica
- Mr. Greg Silva
- Mrs. Sue Zube
- Mr. Noel Simpson, Executive Director, RISLA
- Mr. Charles P. Kelley, Executive Director, NESLA
- Ms. Kerrie Bennet, Office of the General Treasurer
- Ms. Jennifer Bramley, Vision Strategies

1) Approval of Minutes of the August 25, 2004 Board Meeting:

On motion duly made by Mr. Solomon and seconded by Dr. Santoro, it was

**VOTED:** That the minutes of the August 25, 2004 Board of Directors Meeting be accepted/approved and placed on file.

Voting in favor: Dr. McKenna, Ms. Jenkins, Ms. Coleman, Mr. Hall, Mr. Howell, Dr. Santoro and Mr. Solomon.

Voting against: none.

2) Chairman's Report:

Chairman McKenna noted that the New England Board of Higher Education (NEBHE) is progressing on the presidential search. The search committee held a conference call yesterday and as a result, the number of candidates was reduced to twenty. There is a meeting in Worcester on Monday at which both the Chairman and Mr. Hurry will be attending. Two issues are the NEBHE budget and review of the candidates. A decision on who will be the next President of NEBHE should be made by November.

Mr. Hurry noted that RIHEAA is hosting a meeting of the Rhode Island Delegation for NEBHEE tomorrow at the Authority to discuss what their position will be on the discussion that will take place on Monday.

3) Executive Director's Report:

a. Mr. Hurry reported that the Authority has not received formal word on the reappointment of Christine Jenkins.

b. The Authority has submitted a formal request to the Governor's Office for a meeting to discuss the budget situation. The request has been formally acknowledged and we are waiting for a response.

4) Financial Report:

Mr. Lacroix reviewed the memo that accompanied the financial reports included in the materials for this Board meeting.

c. Regarding the net collection revenue, he stated that there has been a dramatic increase in outsourced revenue from FY 03 to FY 04, which resulted in higher commissions payments to outside collection agencies as well as the fee that Sallie Mae receives for managing the Authority's outsourced collection activities.

a. Mr. Lacroix reviewed the report for the Loan Division Agency Operating Fund, budget versus actual for twelve months ended June 30, 2004.

b.1. In reviewing the budget request for Scholarship & Grant Program Mr. Lacroix noted that this was presented at the last Board meeting. Minor changes have been made in personnel to correct the health benefit expense. Otherwise, there are no other changes from the previous meeting.

Mr. Hurry explained that the Authority is seeking the Board's approval of the revised request for FY 2005 and the proposed requests for Scholarship & Grant Program.

After further review and discussion on motion duly made by Ms. Jenkins and seconded by Mr. Solomon it was

**VOTED:** To endorse the submission of the two budget requests for the Scholarship & Grant Program and, to approve the approach of obtaining level funding.

Voting in favor: Dr. McKenna, Ms. Jenkins, Ms. Coleman, Mr. Hall, Mr. Howell, Dr. Santoro and Mr. Solomon.  
Voting against: none.

b.1 Regarding the College Savings Program, Mr. Lacroix reported that, if it is determined that we need to provide the SLEAP matching funds from sources other than the general revenue, it will be part of the \$4 million supplemental for the state grant program.

Mr. Hurry noted that at the last Board meeting General Treasurer Tavares raised the question about looking carefully at the marketing budget. Subsequent to that meeting staff of RIHEAA, the Treasurer's Office and Alliance Capital proceeded to put together some data for the Board. However, due to the short time period, more information is needed in order to come to a reasonable

recommendation. Mr. Hurry stated that after a conversation with the Treasurer yesterday, he indicated to the Treasurer that the \$600,000 was left on the marketing line (in the financial report) because, in the prior year budget review there was no question about the CollegeBoundfund marketing budget, and we can make subsequent decisions on where and how to spend this money in FY 06. We are not prepared at this time to make fully informed decisions regarding changes to our Rhode Island marketing effort for FY 06. We will come back to the Board at a later time with specific recommendations. Also, we are not required to make a commitment to Alliance as to how much money will be spent in 2006 until June-July 2005. The Treasurer is in agreement with this approach.

On motion duly made by Ms. Jenkins and seconded by Mr. Solomon it was

**VOTED:** To approve the FY 05 revised and FY 06 budget requests for the College Savings Program and to leave the \$600,000 on the marketing line, and to revisit this issue when there is additional information and further recommendation(s).

Voting in favor: Dr. McKenna, Ms. Jenkins, Ms. Coleman, Mr. Hall, Mr. Howell, Dr. Santoro and Mr. Solomon.  
Voting against: none.

b.2 In reviewing the Loan Division budget request Mr. Lacroix reported that significant increases have been made to the collection agencies commission expenses and the Sallie Mae portfolio management fee. There is a small increase in purchased services and other operating expenses.

On motion duly made by Mr. Howell and seconded by Mr. Solomon it was

**VOTED:** To approve the Loan Division Revised FY 05 budget request and the FY 06 Initial Budget Request(s).

Voting in favor: Dr. McKenna, Ms. Jenkins, Ms. Coleman, Mr. Hall, Mr. Howell, Dr. Santoro and Mr. Solomon.  
Voting against: none.

d. Mr. Lacroix reported that the RFPs for banking services were opened the previous Friday. Proposals were received from five of the banks that were solicited. There will be a review process and a recommendation should be provided at the next Board meeting.

6) Scholarship and Grant Update:

Ms. Welch reported that currently there are 15,366 students that have been awarded state grants for \$19,310,000. This is 44% over extended. The average award is \$1,257 and 6,529 students are on the waiting list.

Regarding the Academic Promise scholarship there is no significant change.

The College Fair is scheduled for October, and there will be a guidance counselor workshop in November.

7) Loan Division Update:

Ms. Dooley reported that consolidations have declined between 2003 and 2004. This is due to some timing issues.

School visits have begun again.

A former staff member of the loan division, Marilyn Carillo, passed away.

8) CollegeBoundfund Update:

Mr. Joyce noted that for week ending August 27, 2004, the total accounts were 435,505; 12,533 of those accounts are Rhode Island accounts. Total assets value is over \$4.7 billion and \$107,116,992 of that total is Rhode Island Assets. The JP Morgan accounts no longer appear in the reports. All those accounts have been successfully rolled into CollegeBoundfund accounts.

Ms. Bramley from Vision Strategies reported that there is a reception tomorrow night for the "Poster Contest" to announce the winners. It was a successful contest. She invited all the Board members to attend.

Mr. Howell asked if the weekly report shows how these funds have performed. Mr. Hurry explained that there are

periodic reports with this information but not the weekly reports. Indeed, a report was included in the materials for the last Board meeting. At the next Board meeting he will ask Alliance Capital to attend with an update on the performance.

9.a. Election of Board Officers:

Mr. Howell nominated Dr. Anthony J. Santoro as Vice Chairman and the nomination was seconded by Mr. Hall. Dr. Santoro accepted the nomination

On motion duly made by Mr. Howell and seconded by Mr. Hall it was

**VOTED:** To elect Dr. Santoro to the office of Vice Chairman of the RIHEAA Board of Directors.

Voting in favor: Dr. McKenna, Ms. Jenkins, Ms. Coleman, Mr. Hall, Mr. Howell, and Mr. Solomon.

Voting against: none.

On motion duly made by Mr. Howell and seconded by Mr. Hall it was

**VOTED:** To re-elect the slate of Board officers that currently exists for a term of one year.

Dr. Robert J. McKenna	Chairman
Ms. Christine Jenkins	Secretary
Dr. William Croasdale	Treasurer

Voting in favor: Ms. Coleman, Mr. Hall, Mr. Howell, Dr. Santoro and Mr. Solomon.

Voting against: none.

10 Communications: There were no communications.

11) The next meeting is scheduled for October 12, 2004.

There was no need for an Executive Session.

There being no further business to come before the Board it was agreed to adjourn the meeting.

On motion duly made by Mr. Solomon and seconded by Dr. Santoro, it was

**VOTED:** To adjourn the meeting.

Voting in favor: Chairman McKenna, Ms. Jenkins, Ms. Coleman, Mr. Hall, Mr. Howell, Mr. Solomon and Dr. Santoro. Voting against: none.

The meeting adjourned at 9:25 a.m.

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Ms. Christine B. Jenkins  
Secretary